

VETO OF THE SILVER BILL.

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

ASSIGNING

*Reasons for withholding his approval of the bill (H. R. 1093) entitled "An act to authorize the coinage of the standard silver dollar, and to restore its legal-tender character?"*

FEBRUARY 28, 1878.—Ordered to be printed.

*To the House of Representatives :*

After a very careful consideration of House bill No. 1093, entitled "An act to authorize the coinage of the standard silver dollar, and to restore its legal-tender character," I feel compelled to return it to the House of Representatives, in which it originated, with my objections to its passage.

Holding the opinion which I expressed in my annual message, "that neither the interests of the government nor of the people of the United States would be promoted by disparaging silver as one of the two precious metals which furnish the coinage of the world; and that legislation which looks to maintaining the volume of intrinsic money to as full a measure of both metals as their relative commercial values will permit, would be neither unjust nor inexpedient"; it has been my earnest desire to concur with Congress in the adoption of such measures to increase the silver coinage of the country as would not impair the obligation of contracts either public or private, nor injuriously affect the public credit. It is only upon the conviction that this bill does not meet these essential requirements that I feel it my duty to withhold from it my approval.

My present official duty as to this bill permits only an attention to the specific objections to its passage, which seem to me so important as to justify me in asking, from the wisdom and duty of Congress, that further consideration of the bill for which the Constitution has, in such cases, provided.

The bill provides for the coinage of silver dollars of the weight of 412½ grains each, of standard silver, to be a legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract. It is well known that the market value of that number of grains of standard silver during the



past year has been from ninety to ninety-two cents as compared with the standard gold dollar. Thus the silver dollar authorized by this bill is worth eight to ten per cent. less than it purports to be worth, and it made a legal tender for debts contracted when the law did not recognize such coins as lawful money.

The right to pay duties in silver, or in certificates for silver deposits, will, when they are issued in sufficient amount to circulate, put an end to the receipt of revenue in gold, and thus compel the payment of silver for both the principal and interest of the public debt. \$1,143,493,400 of the bonded debt, now outstanding, was issued prior to February, 1873, when the silver dollar was unknown in circulation in this country, and was only a convenient form of silver bullion for exportation. \$583,440,350 of the funded debt has been issued since February, 1873, when gold alone was the coin for which the bonds were sold, and gold alone was the coin in which both parties to the contract understood that the bonds would be paid. These bonds entered into the markets of the world. They were paid for in gold when silver had greatly depreciated, and when no one would have bought them if it had been understood that they would be paid in silver. The sum of \$225,000,000 of these bonds has been sold during my administration for gold coin, and the United States received the benefit of these sales by a reduction of the rate of interest to 4 per cent. During the progress of these sales a doubt was suggested as to the coin in which payment of these bonds would be made. The public announcement was thereupon authorized that it was "not to be anticipated that any future legislation of Congress, or any action of any department of the government would sanction or tolerate the redemption of the principal of these bonds, or the payment of the interest thereon, in coin of less value than the coin authorized by law at the time of the issue of the bonds, being the coin exacted by the government in exchange for the same." In view of these facts, it will be justly regarded as a grave breach of the public faith to undertake to pay these bonds, principal or interest, in silver coin worth in the market less than the coin received for them.

It is said that the silver dollar made a legal tender by this bill, will, under its operation, be equivalent in value to the gold dollar. Many supporters of the bill believe this, and would not justify an attempt to pay debts, either public or private, in coin of inferior value to the money of the world. The capital defect of the bill is that it contains no provision protecting from its operation pre-existing debts in case the coinage which it creates shall continue to be of less value than that which was the sole legal tender when they were contracted. If it is now proposed, for the purpose of taking advantage of the depreciation of silver in the payment of debts, to coin and make a legal tender a silver dollar of less commercial value than any dollar whether of gold or paper which is now lawful money in this country, such measure, it will hardly be questioned, will, in the judgment of mankind, be an act of bad faith. As to all debts heretofore contracted, the silver dollar should be made a legal tender only at its market value. The standard of value should not be changed without the consent of both parties to the contract. National promises should be kept with unflinching fidelity. There is no power to compel a nation to pay its just debts. Its credit depends on its honor. The nation owes what it has led or allowed its creditors to expect. I cannot approve a bill which, in my judgment, authorizes the violation of sacred obligations. The obligation of the public faith transcends all questions of profit or public advantage. Its unquestionable maintenance is the dictate as well of the highest expediency, as of

the most necessary duty, and should ever be carefully guarded by the Executive, by Congress, and by the people.

It is my firm conviction that if the country is to be benefited by a silver coinage it can be done only by the issue of silver dollars of full value, which will defraud no man. A currency worth less than it purports to be worth, will in the end defraud not only creditors, but all who are engaged in legitimate business, and none more surely than those who are dependent on their daily labor for their daily bread.

R. B. HAYES.

EXECUTIVE MANSION, *February 28, 1878.*



87